



A Registered Limited Liability Partnership  
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July 5, 2005  
**VIA FEDERAL EXPRESS**

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Chairman Ron Jones  
ATTN: Sharla Dillon, Dockets Manager  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, TN 37243-0505

RE: Docket No. 04-00371

Dear Ms. Dillon:

Enclosed herewith for filing in the above referenced matter are the original and 13 conformed copies of the Preliminary Report of Action of a Pre-Issuance Hedge Entered into Pursuant to Docket No. 04-00371.

If you have any questions, please do not hesitate to contact the writer.

Very sincerely yours,

HUNTER, SMITH & DAVIS, LLP

William C. Bovender

WCB/pl  
Enclosures

cc: William E. Johnson, Esq. (w/out encl.)  
James R. Bacha, Esq. (w/out encl.)  
Isaac Webb (w/out encl.)  
Barry L. Thomas (w/out encl.)

TENNESSEE:

Before the

TENNESSEE REGULATORY AUTHORITY

.....  
REPORT  
of  
APPALACHIAN POWER COMPANY  
.....

Docket No. 04-00371

PRELIMINARY REPORT OF ACTION  
OF A PRE-ISSUANCE HEDGE  
ENTERED INTO PURSUANT TO  
DOCKET NO. 04-00371

1. Appalachian Power Company ("APCo") has entered into the following pre-issuance hedge pursuant to Docket No. 04-00371:

<u>Beginning Date</u>	<u>Maturity Date</u>	<u>Notional Amount</u>	<u>Security to be Issued</u>	<u>Agreement Description</u>
6/22/05	9/30/05	\$25mm	Up to \$200mm 10 year notes in Sept. 2005	Forward starting 10 year interest rate swap (APCo pays fixed of 4.407%, counterparty pays float)

Respectfully submitted this 30th day of June, 2005.

APPALACHIAN POWER COMPANY

By: 

Assistant Secretary